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AUTOMOTIVE INDUSTRIES

MAY 1990

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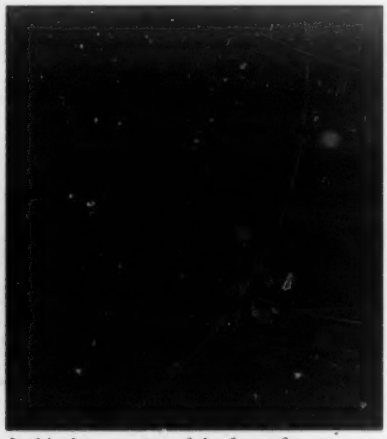
A DECADE OF DECISIONS

Volume 170, No. 5 May 1990

CHILTON'S AUTOMOTIVE INDUSTRIES



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AUTOMOTIVE INDUSTRIES (ISSN 0273-656x) magazine is published monthly by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Company is a division of Capital Cities/ABC, Inc., New York, NY. Subscription rates: 1 yr. $49.95 US, $100.00 foreign. Phone (215) 964-4152. Second Class Postage paid at Wayne, PA 19087 and additional mailing offices. POSTMASTER: Send address changes to AUTOMOTIVE INDUSTRIES, Circulation Dept., Chilton Way, Radnor, PA 19089. Chilton Company, 1990. Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC), provided that a base fee of $1.00 per copy of the article, plus 25¢ per page is paid to the CCC, 21 Congress St., Salem, MA 01970. Address special requests to The Editor. (0273-656x/85 $1.00 + 25¢)

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AUTOMAKER QUARTERLY REPORT

by DR. THOMAS O'GRADY

The downturn in automotive sales continued through the first quarter of 1990, although sales were not worse than 4Q '89.

Automakers planned cutbacks in North American production schedules during January and February, bringing needed reductions in bulging inventory levels during the quarter. Even output in the light truck market fell by 18.3% for the quarter.

Although its sales volume dropped, GM was able to reverse some of its recent decline in market share during the first quarter of 1990 with stronger sales in the Buick, Cadillac and Chevrolet divisions. GM made some substantial improvements since last year, and Bob Stempel's appointment as new chairman was stated as meaning further good news for long-term new product development and decentralization in marketing.

Domestic sales fell while imports enjoyed gains in both volume and share.

Ford and Chrysler both reported steep declines in their passenger car volume for the first quarter of 1990; each lost about one and a half percentage points of share from 1989.

Among the importers, Toyota, Honda and Mitsubishi gained in both volume and share. With its luxury Lexus division in place and increased North American production capacity, Toyota seems to be gaining fast on Honda. After a successful 1989 rebound, Nissan seems to be faltering. Meanwhile, Mitsubishi's growth in the passenger car markets is accelerating rapidly.

Transplants marketed by both Asian and domestic automakers now capture 14% of the US passenger car market. And a surge in transplant light truck sales is right around the corner, beginning with Isuzu trucks built in Indiana and CAMI's Geo Traker/Suzuki Sidekick.

The Honda Accord (lengthened and restyled for 1990) retained its first place spot among carline sales for the quarter, this time with almost a 10,000-unit margin over the Ford Taurus. Three other transplants – the Toyota Camry, Corolla and the Honda Civic/CRX – also made the top ten. AI

Dr. Thomas O'Grady is president and chief analyst of Integrated Automotive Resources in Wayne, PA, and publisher of "Fast Track News."

WHAT'S HOT! Domestic Auto Sales 1st Quarter 1990

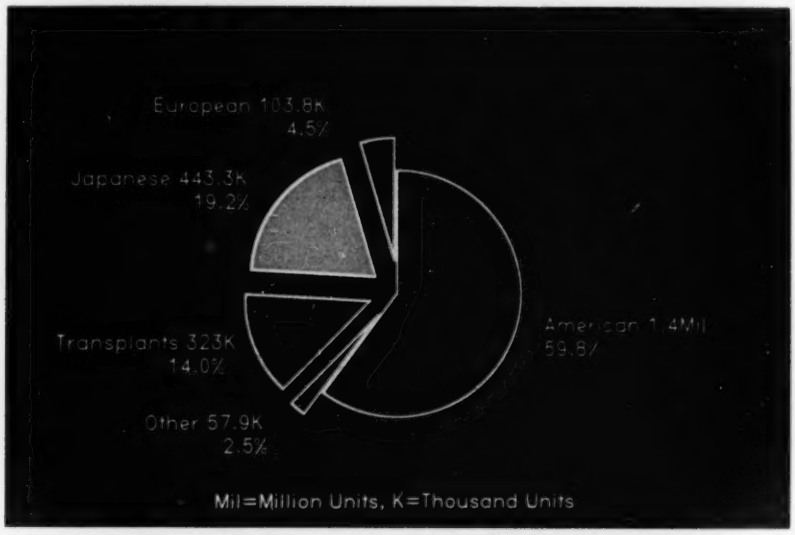
Carline	'90	'89	% Change
Accord*	94,308	72,254	30.52%
Taurus	84,372	83,275	1.32%
Corsica/ Beretta	80,018	86,767	-7.78%
Cavalier	77,009	72,862	5.69%
Escort	66,883	87,918	-23.93%
Camry*	66,110	47,641	38.77%
Tempo	62,006	59,783	3.72%
Lumina	57,389	---	---
Civic*	56,714	40,253	40.89%
Corolla*	55,299	43,373	27.50%

* – Includes imports

US Passenger Car Market Shares 1st Quarter, 1990

Manufacturer	'90 Sales	% Total	'89 Sales	% Total	% Change
General Motors	828,499	35.90%	829,986	35.49%	-0.18%
Ford	503,051	21.80%	546,068	23.35%	-7.88%
Chrysler	221,283	9.15%	247,953	10.60%	-14.79%
Honda/Acura	190,335	8.25%	163,512	6.99%	16.40%
Toyota/Lexus	186,756	8.09%	138,440	5.92%	34.90%
Nissan/Infiniti	110,145	4.77%	125,402	5.36%	-12.17%
Mazda	59,737	2.59%	54,120	2.31%	10.38%
Mitsubishi	46,129	2.00%	20,572	0.88%	124.23%
Hyundai	34,411	1.49%	49,691	2.12%	-30.75%
VW/Audi	33,336	1.44%	34,338	1.47%	-2.92%
TOTAL CARS	2,308,079	100%	2,338,480	100%	-1.30%

(Continued on p. 66)



Passenger Car Market Share By Geographic Base

First Quarter 1990

Manufacturers	Total Sales	Total Market Share
American	1,379,897	59.79%
Japanese	443,306	19.21%
European	103,841	4.50%
Transplants	323,148	14.00%
Other Imports	57,887	2.51%
Total	2,308,079	100.00%

1ST QUARTER 1990 DOMESTIC LIGHT TRUCK PRODUCTION*

COMPANY	FULL-SIZE TRUCKS	COMPACT TRUCKS	FULL-SIZE VANS	COMPACT VANS	FULL-SIZE SPORTS UTILITY	COMPACT SPORTS UTILITY	TOTAL 1Q '90	TOTAL 1Q '89
CHEVROLET	125,921[1]	54,972	23,839	50,252	25,554	34,661	315,199	397,571
FORD	148,419	75,179	44,783	44,991	13,701	22,727	349,800	464,804
GMC	40,698[1]	14,750	10,357	8,144	9,236	10,612	93,797	117,817
CHRYSLER	25,078	17,336	19,475	141,178	---	---	203,067	221,020
JEEP	---	2,001	---	---	1,300	56,408	59,709	93,571
NISSAN	---	38,784	---	---	---	---	38,784	35,030
PONTIAC	---	---	---	14,506	---	---	14,506	---
OLDS	---	---	---	7,550	---	---	7,550	---

[1]Includes Suburban and P-model. *Built in the US and Canada.

The Compact Decade

RAY WINDECKER's 45 years in the industry culminated at Ford, where he was research and analysis manager, public affairs. He now runs American Autodatum, an 'automotive numbers and words' company.

Compact trucks have yet to topple the full-size pickup from the top vehicle positon.

There were 14.845 million cars and trucks sold in calendar 1989, the final year of the 1980s, a gain of 3.381 million units from the opening year. Neither year – 1989 or 1980 – were record breakers, yet they followed somewhat similar sales patterns. 1980 trailed the then-record of 15.419 million set in 1978, while 1989 fell similarly short of the current 16.326 million record of 1986.

Neither year was a boom, neither a bust.

However, within the industry, there was considerable churning of consumer tastes, gasoline prices, product nameplates and new sheet metal, thus moving buyers from one market segment to another.

Compact cars and trucks were the obvious winners of the 1980s. Sales of compact cars grew to 2.700 million in 1989, 1.090 million more than bought when the decade dawned. Compact cars – Beretta, Camry, Tempo, Stanza and others – were both the volume and growth leaders of the decade, taking the sales volume crown from the gas-sipping subcompacts, with considerable assistance from the crude-oil producing nations.

The Taurus and Sable rejuvenated the mid-size sedan market. Yet, the mid-specialty and small sporty segments sagged, as buyers decided that many of today's low- and medium-priced sedans were sporty enough.

Trucks handily outgained cars, partly from the entry of volume-oriented compact van and compact utility lines and a continued surge in compact pickups, though compact pickups faltered a tad in 1989. Yet much of the virtual doubling of truck sales during the decade would be more accurately described as a recovery from the horrendous 40% drop in sales from 1978 to 1980.

Nevertheless, the consumer appetite for compact trucks is quite obvious. The three compact truck segments – vans, sport utilities and pickups – ended the decade with 2.185 million more sales a year than at the starting gun. For those of you wondering, Volkswagen provided the 1980 compact van sales as Ford, GM and Chrysler (which all sold compact vans in the 1960s), had not yet reentered the compact van market.

Compact trucks are a growth market, but they have yet to topple the full-size pickup from the top-truck position. The forever-popular large pickup segment not only leads within the truck market, two full-size pickups (the Ford F-Series and the Chevrolet CK-Series) outsell any vehicle, car or truck, and have for several years.

The performance of the luxury-car segment deserves a comment. In the late 1960s, luxury cars held 3.5% of the car market, in the late 1970s, 6.5% and in the late 1980s, 8.5%. As the "baby boomers" age, there would appear to be additional buyers moving into the luxury market. Let's hope so, as the list of luxury cars continues to expand.

Vehicle Segments
(units in millions)

	1989	1980	Change
Subcompact	2.043	2.399	(.356)
Small sporty	1.008	1.440	(.432)
Compact	2.700	1.610	1.090
Midsize	1.669	1.002	.667
Mid-specialty	.579	.984	(.405)
Large	.912	1.002	(.090)
Luxury	.869	.510	.359
Car Types	9.780	8.947	.833
Large van	.452	.350	.102
Compact van	.844	.013	.831
Large utility	.111	.103	.008
Compact utility	.728	.055	.673
Truck wagon	.104	.038	.066
Large pickup	1.340	1.163	.177
Compact pickup	1.199	.518	.681
Medium & heavy	.287	.277	.010
Truck Types	5.065	2.517	2.548
TOTAL	14.845	11.464	3.381

( ) = negative number

Technical notes: In the above chart, a "truck wagon" is similar to a Chevrolet Suburban. The words "car types" and "truck types" in the chart can be interpreted as meaning that Japanese trucks that are reported as cars are segmented as trucks.

The sporty segment covers everything from a Bertone to a Ford Mustang GT. Mid-specialty includes Grand Prix, Thunderbird, LeBaron, etc. And, any one of these segments can be re-cut into sub segments. AJ